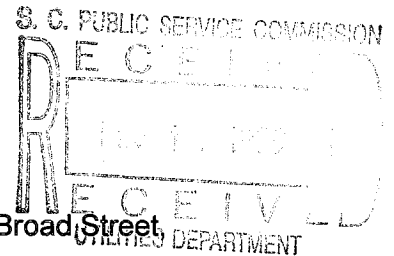
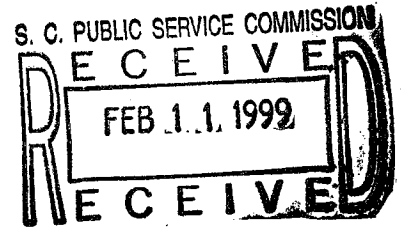


POSTED
MR 2-11-99

SIGFIELD WATER COMPANY INC.
TESTIMONY OF PENNY L. SCHEELE
FOR

THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET # 97-131-W



Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A: My name is Penny L. Scheele. My current business address is 125 Broad Street,
Sumter, South Carolina 29151-2814.

Q: WHAT IS YOUR BUSINESS EXPERIENCE?

A: I am a certified public accountant owning my own business in Sumter, South Carolina. I
have been involved in tax preparation of individual, commercial and industrial accounts
for more than nine years. I am a licensed C.P.A. qualified to audit and comment upon
the accounting practices of my clients and how they compare with generally accepted
accounting principles.

**Q: WHEN WERE YOU RETAINED BY SIGFIELD WATER COMPANY, INC. AND WHAT
SERVICES DO YOU PERFORM FOR THE COMPANY?**

A: I have been working with Sigfield Water Company since May of 1997. I have reviewed
the 1997 tax return of the Company and run trial balances for 1998 through May. The
five month trial balances were conducted for the purpose of measuring the pattern of
expenses and revenues experienced by the Company. I also helped in the preparation
of the pro forma attached to the Company's petition for a rate increase.

1 **WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 **A:** The purpose of my testimony is to describe the current financial condition of the
3 Company and explain the Company's Income Statement and pro forma Operating
4 Statement.

5 **Q:** **AS SHOWN ON THE INCOME STATEMENT, WHAT WERE THE COMPANY'S**
6 **REVENUES AND EXPENSES FOR THE YEAR ENDING 12/31/97?**

7 **A:** The Company's Income was \$ 23,443.00 and the expenses were \$ 38,757.00. This
8 resulted in a net loss of \$ 15,314.00 .

9 **Q:** **HAVE YOU REACHED A CONCLUSION BASED UPON YOUR REVIEW OF**
10 **SIGFIELD WATER COMPANY'S BOOKS AND RECORDS CONCERNING ITS**
11 **PRESENT FINANCIAL CONDITION?**

12 **A:** Yes.

13 **Q:** **WHAT IS THAT CONCLUSION?**

14 **A:** That the present rate structure does not allow the Company to meet its operating
15 expenses and costs.

16 **Q:** **UNDER THESE CONDITIONS, HOW IS THE COMPANY ABLE TO REMAIN IN**
17 **BUSINESS?**

18 **A:** The Company is able to remain in business because it is being subsidized by Mr.
19 Sigmon.

20 **Q:** **HOW WILL THE PROPOSED RATE OF \$534.00 PER RESIDENTIAL CUSTOMER**
21 **PER YEAR, \$996.00 PER 3/4 INCH COMMERCIAL CUSTOMER PER YEAR, AND**
22 **\$1,476.00 PER 1 INCH COMMERCIAL CUSTOMER PER YEAR AFFECT THE**
23 **COMPANY?**

24 **A:** If the commercial accounts do not change their present usage of water, the proposed

1 rate increase will allow the Company to meet its expenses.

2 **Q: PLEASE EXPLAIN THE COMPANY'S PRO FORMA OPERATING STATEMENT.**

3 **A:** The Pro Forma assumes the proposed increase of \$534.00 for seventy (70) customers,
4 \$996.00 for two 3/4 inch commercial accounts and \$1,476.00 for one 1 inch commercial
5 account. This produces income of \$40,848.00 base fees. The commodity charge of
6 \$3.75 per thousand for usage between 2,000 and 5,000 produces \$ 405.00 and the
7 commodity fee of \$ 3.50 for usage over 5,0000 produces \$ 4,284.00. Total income
8 \$45,537.00. There were \$6,736.00 adjustments to the 1997 expenses making
9 operational costs \$45,493.00. This would allow the Company a net income of \$44.00, as
10 opposed to the loss show in 1997 of \$ 15,314.00.

11 **Q: WHAT IS YOUR RECOMMENDATION REGARDING THE PROPOSED RATE**
12 **INCREASE?**

13 **A:** Based upon my review of the Company's books and records, I recommend that the
14 Commission grant Sigfield Water Company ,Inc. the increase of rates as proposed in
15 exhibit 11.

16 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A:** Yes.
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